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TO RUEHC/SECSTATE WASHDC IMMEDIATE 7523
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY
RUEHBJ/AMEMBASSY BEIJING 4609
RUEHBY/AMEMBASSY CANBERRA 1824
RUEHPB/AMEMBASSY PORT MORESBY 3606
RUEHKO/AMEMBASSY TOKYO 1368
RUEHWL/AMEMBASSY WELLINGTON 2204
RUEHBAD/AMCONSUL PERTH 0507
RHHJJPI/USPACOM HONOLULU HI
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C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 003487

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SUBJECT: INDONESIA UPDATES RULES ON POLITICAL PARTIES

JAKARTA 00003487 001.2 OF 002

Classified By: Pol/C Joseph Legend Novak, reasons 1.4(b+d).

11. (C) SUMMARY: After much discussion, the Indonesian legislature (DPR) recently passed comprehensive legislation on political parties. The legislation--which should be signed into law soon--is meant to: encourage more political participation; press women's involvement; and, set out new guidelines on party financing and how to settle in-house disputes. Legislation of this sort is clearly a work in progress and almost certainly will need to be updated based on what happens in the 2009 elections. END SUMMARY.

COMPREHENSIVE LEGISLATION

12. (SBU) After years of discussion, the DPR has passed important legislation regarding political parties. The legislation--which passed on December 6 without opposition--is focused on improving a 2002 law that was used for the 2004 elections. The legislation was approved by the Presidential Palace and is scheduled for signature by the President within the required 30 days. The GOI will need to draft implementing regulations for the legislation before it is enforced on political parties.

GOOD NEWS FOR SMALL PARTIES

13. (SBU) A key aspect of the new legislation is to improve prospects for smaller parties. In the spirit of letting "a thousand flowers bloom" and diversifying political participation, the DPR made a concession to smaller parties by significantly lowering the requirement for forming a political party. For a new party to contest the 2009 election, it must prove it has branches in sixty percent of Indonesia's 33 provinces, half of the regencies (regional areas) in those provinces, and a quarter of the districts in those regencies. In 2004, new parties were required to have branches in two-thirds of Indonesia's provinces, two-thirds of the regencies, and two-thirds of the districts. All parties still must have their national headquarters in Jakarta (there are different requirements re the Aceh region).

PRESSING WOMEN'S PARTICIPATION

¶4. (SBU) Another key aspect of the legislation involves women. The legislation mandates that at least 30 percent of the founding members in any new party be women. The legislation also requires that parties' central executive boards reserve at least 30 percent of their positions for women. Parties that do not meet this requirement are subject to being barred from participating in elections by the GOI. The legislation retains a provision from the 2002 law which requires parties "to consider" women as nominees for at least 30 percent of their legislative seats. In 2004, all parties fell short of the 30 percent mark re candidates.

NEW FINANCING GUIDELINES

¶5. (SBU) Although the legislation pays some attention to increasing transparency requirements, it appears to undercut the ability of the government and the National Election Commission (KPU) to punish parties that violate financial stipulations. The law, for example, removes the requirement for parties to be independently audited and submit that audit to the government. DPR members justify changes to the law by arguing that the voters are now in charge of conducting "oversight" of party finances (via the ballot).

¶6. (SBU) In the meantime, there is a new calculation of state subsidies for parties. The legislation reinstates a system based on the number of votes a party receives that was used in the 1999 election rather than the current system which bases payments on the number of seats in the DPR that a party holds. Parties are required to submit an accountability report on their use of the subsidies, but the law does not outline requirements for the content of this report and stipulates that parties are entitled to their subsidy after the report has been submitted, regardless of the quality and completeness of the report.

JAKARTA 00003487 002.2 OF 002

DEALING WITH INTRA-PARTY DISPUTES

¶7. (SBU) After a series of highly publicized internal disagreements within political parties--most notably within the Indonesian Democratic Party-Struggle (PDI-P) and the National Awakening Party (PKB)--the law contains new provisions for resolving in-house disputes. Members challenging their party's leadership are now required to attempt a formal mediation of the dispute before taking their case to the courts. Parties are also required to add clauses to their bylaws providing details about how mediation will be used to settle disputes.

ROOM FOR MORE CHANGE

¶8. (C) Political party legislation is clearly a work in progress and almost certainly will need to be updated based on what happens in the 2009 elections. The DPR is expected to pass additional laws on the whole electoral process in early 2008. The 2009 national elections will only be the third (1999 and 2004 were the previous) since the fall of the Suharto regime in 1998 and Indonesia is still working to put in place electoral laws it is comfortable with. This is not a surprise in a young democracy and Indonesians--while proud of what they have already accomplished--acknowledge that more needs to be done in this key area.

HUME